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Attorney General Biden, Lawmakers Unveil Bipartisan Response to Foreclosure Crisis

Dover – Attorney General Beau Biden and bipartisan coalition of legislators unveiled five bills today to respond to the home foreclosure crisis in Delaware and help the economy grow.

Recent years have seen a record pace of foreclosures in Delaware, with more than 22,000 foreclosure filings since 2007. The state is expected to see another record year in 2011, surpassing the 2010 mark of 6,400 filings.

“The foreclosure crisis has affected every community in every part of our state,” Attorney General Biden stated. “That is why lawmakers from both parties have come together on these proposals. We’re working to ensure that everyone plays by the rules, which will lead to fewer foreclosures, and fewer foreclosures will help get the economy moving again.”

Specifically, the five measures being introduced to respond to the foreclosure crisis and protect homeowners would:

- Create an automatic mediation program for homeowners after a complaint for foreclosure is filed and pause the litigation during the mediation process. Prime sponsors: Rep Kowalko & Rep. Gilligan & Rep. Keeley & Rep. Ramone & Sen. Hall-Long.
- Require lenders to give borrowers notice of foreclosure, including available assistance, and require an affidavit from lenders to insure that loss mitigation was considered before a judgment can be entered. Prime sponsors: Rep Keeley & Rep. Ramone & Rep. Kowalko & Rep. Gilligan & Sen. Hall-Long.
- Provide for registration and bonding of mortgage modification companies and include consumer protections such as prohibiting advance fees. Prime sponsors: Rep Keeley & Rep. Ramone & Rep. Kowalko & Rep. Gilligan & Sen. Hall-Long.
- Create an Office in the Attorney General’s Fraud and Consumer Protection Division to manage foreclosure related programs and activities and to act as liaison with lenders in difficult cases. Prime sponsors: Sen. Hall-Long & Rep. Kowalko & Rep. Gilligan. & Rep Keeley & Rep. Ramone.
- Treat the filing of a false document in a foreclosure as a deceptive trade practice. Prime sponsors: Sen. Hall-Long & Rep. Kowalko & Rep. Gilligan. & Rep Keeley & Rep. Ramone.

Majority Whip Valerie Longhurst is co-sponsoring all five bills.

“With a record number of foreclosures happening in our state, something has to be done to help those families in need,” said House Speaker Rep. Robert F. Gilligan, D-Sherwood Park, who is a

sponsor of the legislation. “This is a crisis, and we must take action. This foreclosure mediation program will have a positive impact on Delaware families, and that makes it a priority for us.”

“The foreclosure crisis has hurt every corner of our state,” said Sen. Bethany Hall-Long. “The bills we are proposing today will help more homeowners stay in their homes, and that is good for Delaware's families and Delaware’s economy.”

Rep. Helene M. Keeley, D-Wilmington South, said that several of her constituents are facing foreclosure and in serious need of the lifeline that these bills would provide. She recounted how one constituent who had never been late with a mortgage payment found himself on the brink of losing his house before reaching out to housing counselors for help.

“The mortgage modification process is very complicated. Providing guidance to homeowners is essential in leveling the playing field between banks and homeowners,” Rep. Keeley said. “Giving homeowners an opportunity to reach an agreement to stay in their homes helps everyone involved. It is the right thing to do so people can keep a roof over their heads, and it helps the economy by keeping that family in their home and paying their mortgage rather than having a bank foreclose on it.”

Rep. John A. Kowalko, who has helped to double the period a homeowner facing foreclosure can enter the state's mediation program, applauded the legislative package unveiled Tuesday.

“Ultimately, the responsibility to help and safeguard the homeowners and families of Delaware lies with us as elected leaders,” said Rep. Kowalko, D-Newark. “It is our task to craft legislation that will protect those people while at the same time offering practical solutions to enable a rapid economic recovery with minimal intrusion upon the banks and mortgage holders. These pieces of legislation accomplish exactly that.”

“Unfortunately, this is the new world we live in,” said Rep. Mike Ramone, R-Middle Run Valley, a prime House sponsor of the package of bills. “Foreclosures are our new reality and it is our duty, as elected officials, to ensure that consumers are protected through this grueling process. There are many lenders out there operating in good faith, but for the handful of bad apples, we need to do everything we can to make sure the consumer doesn't get taken advantage of by the system. I think these bills have been needed for a while now and will go a long way in helping to remove some of the apprehension consumers face from an already very painful process.”

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